

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 2071 - SB 2040

February 17, 2022

SUMMARY OF BILL: Increases the Tennessee HOPE scholarship award amounts per student, per year to no less than 50 percent of the average cost of attendance of a four-year public institution of higher education.

FISCAL IMPACT:

Increase State Expenditures –

**\$677,251,600/FY22-23/Lottery for Education Account
Exceeds \$677,251,600/FY23-24 and Subsequent Years/
Lottery for Education Account**

Other Fiscal Impact – Funding of \$677,251,600 in FY22-23 and exceeding \$677,251,600 in FY23-24 and subsequent years will not be available for transfer from the Lottery for Education Account to the Tennessee Promise Scholarship Special Reserve Account.

Assumptions:

- Tennessee Code Annotated § 49-7-1602 defines “cost of attendance” as the combined cost of tuition, mandatory fees, room and board, books, and other educational expenses as determined by the financial aid office of the postsecondary institution.
- Fifty percent of the average cost of attendance for a four-year public institution of higher education is \$12,748 per year.
- The average HOPE scholarship at a four-year institution is \$4,000 per student, per year.
- The average HOPE scholarship at a two-year institution is \$3,000 per student, per year.
- The increase for each respective student receiving the award will be \$8,748 (\$12,748 new award - \$4,000 current average award) for four-year institutions and \$9,748 (\$12,748 new award - \$3,000 current average award) for two-year intuitions in FY22-23 and each subsequent year.
- Based on information provided by the Tennessee Student Assistance Corporation (TSAC) an estimated 59,317 four-year enrolled students and an estimated 16,244 two-year enrolled students will be eligible to receive the Tennessee HOPE Scholarship.
- The increase state expenditures for the HOPE award is estimated to be \$518,905,116 (\$8,748 new award x 59,317 recipients) for students enrolled at a four-year institution.
- The increase state expenditures for the HOPE award is estimated to be \$158,346,512 (\$9,748 new award x 16,244 recipients) for students enrolled at a two-year institution.

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- The total recurring increase in state expenditures from the Lottery for Education Account is estimated to be \$677,251,628 (\$518,905,116 + \$158,346,512) in FY22-23. The number of eligible students that attend four-year and two-year institutions and the average amount of tuition is expected to increase in subsequent years; therefore, the recurring increase in state expenditures in FY23-24 and subsequent years is estimated to exceed \$677,251,628.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

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